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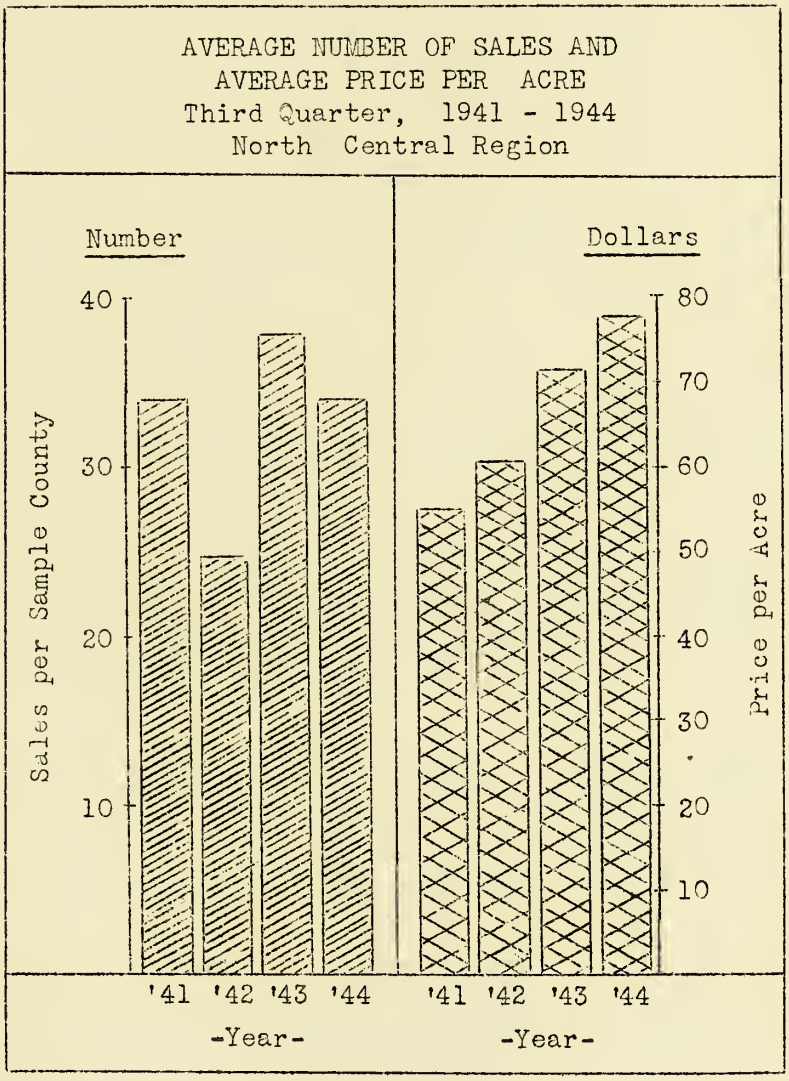
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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE NORTH CENTRAL REGION

Third Quarter 1944



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SUMMARY

Volume: For the second consecutive quarter, volume has dropped below the same period of a year earlier. The number of transfers for the current quarter is 11 percent below a year ago, 42 percent above the third quarter of 1942 and equal to the third quarter of 1941. The usual seasonal decline has been the greatest this year of any previous year of the study.

Purchasers: Almost two-thirds of the tracts transferred in the current quarter were purchased by farmers. This is an increase from slightly over half of the tracts being purchased by farmers in the third quarter of last year. Thirty-four percent of the tracts purchased by farmers were bought by tenants. Non-farmer buyers with intent to operate have reached the highest proportion since the beginning of the study.

Sellers: Individuals sold 72 percent of the tracts transferred in the current quarter. This compares with 68 percent a year ago and 71 percent last quarter. Fifty-one percent of the owner-operators selling land intend to continue farming.

Prices: The average selling price for land in the current quarter is $78 per acre. This is a 7 percent increase over a year ago, a 42 percent increase over the third quarter of 1941 and a 28 percent increase over the third quarter of 1942. Land prices made the biggest advance in the low land value areas.

Buyer's Equity: The proportion of cash sales has attained a new high. Fifty-nine percent of the tracts transferred in the current quarter were purchased for cash compared to 52 percent a year ago and 54 percent last quarter. Buyer's equity in financed purchases had dropped from 41 percent a year ago to 39 percent for the current quarter.

Mortgage Financing: Purchase money mortgages financed 37 percent of current quarter purchases financed by new mortgages. Individuals as a source of credit for new mortgages have declined from financing 21 percent of the new mortgages a year ago to 13 percent for the current quarter. Mortgage debt per acre on financed purchases in the Corn Belt areas is $4 higher than any previous quarter.

Resales: The volume of tracts resold within a year of the date they were acquired accounted for 9.4 percent of the total sales last quarter. This is the highest proportion of quick resales recorded for the North Central Region.

Outlook: A slowing down in the volume of sales and the rate of price increase has occurred. This may indicate that buyers' optimism has been checked at least temporarily. It is expected that land prices will continue to rise, but at about the same or a lower rate from now until the end of the war.

WARTIME LAND MARKET SURVEY [1]

Third Quarter, 1944 [2]

Introduction

We have not as yet seen two dollar corn, twenty dollar hogs or four hundred dollar land. The price of corn and hogs are directly controlled by price ceilings while there are no direct controls on land. The control of farm product prices can be expected to indirectly control land prices only insofar as they control total income. Even without two dollar corn and twenty dollar hogs, the net farm income for 1943 was the highest in the history of American agriculture.

The unprecedented rates of increases in farm income during 1941 and 1942 were particularly stimulating to land prices. Net farm income for the United States increased 36 percent in 1941 over 1940. In 1942 it increased 46 percent over 1941. In 1943 the increase was 21 percent. This year net income will be about the same as 1943, while 1945 will probably show a decline. [3]

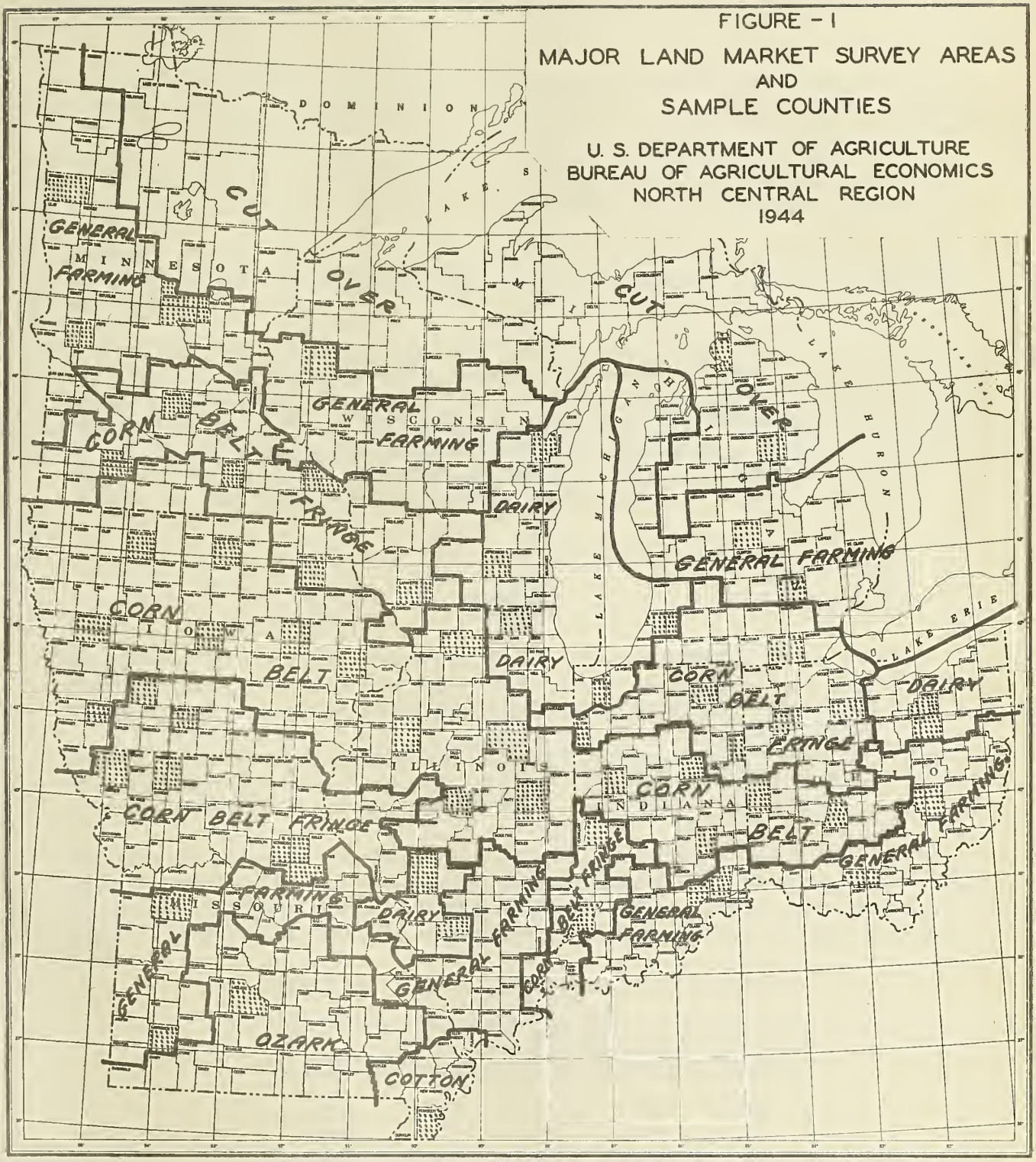
This large volume of purchasing power accumulating in the hands of agriculture has been estimated at 12 billion dollars. Farmers will most likely use this increased purchasing power not only to bid for the ownership of land, but also to raise their standard of living, reduce existing debt, increase liquid assets, purchase machinery, etc.

American agriculture has made a fine record in debt reduction compared to the era of World War I. During the four years ended January 1, 1918, mortgage debt increased almost 39 percent. This compares with a reduction of 14.4 percent in the four years ended January 1, 1944. [4]

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Departments of Agricultural Economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

2/ This report is the eleventh in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only bona fide sales transfers and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3 & 4/ The Impact of the War on the Financial Structure of Agriculture - B.A.E. September 1944.


FIGURE - 1
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES
U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944
DOMINION
LAKE SUPERIOR
CUT OVER
GENERAL FARMING
MINNESOTA
CORN BELT FRINGE
GENERAL FARMING
WISCONSIN
DAIRY
LAKE MICHIGAN
HIGHLAND
CUT OVER
LAKE HURON
GENERAL FARMING
CORN BELT
IOWA
DAIRY
LAKE ERIE
CORN BELT FRINGE
ILLINOIS
CORN BELT
INDIANA
DAIRY
GENERAL FARMING
CORN BELT FRINGE
GENERAL FARMING
MISSOURI
DAIRY
GENERAL FARMING
CORN BELT FRINGE
GENERAL FARMING
GENERAL FARMING
OZARK
COTTON
SCALE IN MILES

The present mortgage reduction is being made primarily by established farm owners who are paying off long-standing mortgages. At the same time the present activity in the land market is creating obligations with a new set of borrowers.

On the other hand, we are keeping pace with the World War I rise in land values. Average per-acre values for the country on July 1, 1944, were 42 percent above the 1935-39 average. On March 1, 1919, values were 40 percent above the 1912-14 average. 1/ The volume of sales for 1943 has already exceeded the peak year of 1919. It is conceivable that we may soon reach a point where mortgage debt will show an increase rather than a decrease.

Although new mortgages are not being made as rapidly as old ones are being paid off, it must be remembered that a large mortgage debt was already in existence.

Persons who must mortgage heavily to obtain ownership should be cautioned that much of the mortgage debt they are assuming may have to be paid off at prices considerably lower than those existing now. Under these conditions such buyers may have to accept a lower standard of living, loss of equity or even their farms. The continued rise in land prices presents a potential threat to agricultural security and warrants serious consideration of control measures which may be applied when needed.

VOLUME

The number of voluntary transfers in the current quarter is 11 percent below the same period a year ago. The volume is equal to the third quarter of 1941, but 42 percent above the third quarter of 1942. (Table 1)

The third quarter is usually the least active quarter of the year. However, the usual seasonal decline has been the greater this year of any previous year of the study. (Table 2)

The seasonal decline in the number of sales from the first to the third quarter for the current year is 56 percent compared to 28 percent for 1941, 49 percent for 1942 and 31 percent for 1943. The current year has also shown a larger drop from the second to the third quarter of any previous year.

TABLE 2. Average Number of Land Transfers per County

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	38	45
1944	77	49	34	

1/ Office of Information - Land Market Fact Sheet No. 95, Sept. 9, 1944.

TABLE 1. Average Number of Recorded Voluntary Farm Real Estate Sales per sample county for the third quarter - North Central Region 1/

Area 2/	No. of sample counties for 1944	Third Quarter			
		1941 3/	1942	1943	1944
		Number			
CORN BELT AREAS	17	27	17	22	16
Central Indiana-Ohio	5	31	25	39	28
Illinois-Indiana Cash Grain	3	22	20	18	9
Illinois-Iowa Livestock	3	23	16	13	14
Central and Northern Iowa	4	33	12	18	17
Western Iowa	2	16	16	23	9
DAIRY AREAS	9	57	29	48	35
Northeastern Ohio	2	44	28	57	51
Lake Michigan	5	66	32	48	30
East St. Louis	2	44	22	38	35
CORN BELT FRINGE AREAS	20	29	15	30	25
Toledo General Farming	4	45	24	39	35
Kankakee River	2	31	15	20	21
Lower Wabash River	2	17	13	25	39
Missouri Putnam Soils	2	39	16	32	33
Iowa-Missouri Pasture	2	24	12	32	27
Maryville-Greenfield Livestock	2	25	18	44	25
Southern Minnesota	3	20	10	25	13
LaCrosse-Dubuque Livestock	3	32	9	24	20
GENERAL FARMING AREAS	12	32	35	55	57
Southeastern Ohio	2	37	20	62	54
Southeastern Indiana	2	22	32	54	46
Southwestern Missouri Plains	2	50	34	72	62
Central Minnesota-Wisconsin	2	33	51	65	81
Red River Valley	2	15	16	14	19
Central and Western Michigan	2	33	36	55	44
CUTOVER AND OZARK AREAS	3	62	44	70	62
Michigan Cutover	2	45	32	37	27
Missouri Ozark	1	67	48	80	73
MISSOURI-ILLINOIS COTTON AREA	1	27	13	17	9
REGIONAL AVERAGE (Total)	62	34	24	38	34

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

There was only one area, the General Farming Area, which showed an increase in the number of transfers over third quarter of last year. The greatest decline in volume - 47 percent - occurred in the Cotton Area while the Corn Belt Areas and the Dairy Areas each experienced a 27 percent decline from the same quarter of last year. The General Farming area is the only area that has consistently increased in the volume of third quarter transfers since 1941. The Corn Belt Areas show the smallest number of third quarter transfers since the beginning of the study.

PURCHASERS

Almost two-thirds of the tracts transferred in the current quarter were purchased by farmers. (Table 3) In the same period last year farmers purchased a little over half of the tracts. Only the second and third quarters of last year show a lower proportion of farmer purchases. (Table 4)

TABLE 4. Distribution of Farm Land Purchases by Occupation and intent of Purchaser

Year	Farmers		Non-Farmers	
	To operate	To lease to others	To operate	To lease to others
	Percent			
1943				
1st quarter	60	7	8	25
2nd quarter	54	7	10	29
3rd quarter	48	7	11	34
4th quarter	62	10	10	18
1944				
1st quarter	66	8	11	15
2nd quarter	61	7	11	21
3rd quarter	57	8	14	21

The Cotton Area has a higher proportion of farmer purchases than other areas of the region but a decidedly lower proportion who plan to operate their newly acquired land.

Thirty-four percent of the tracts purchased by farmers were bought by tenants. This compares with 65 percent last quarter and 43 percent in the first quarter of this year.

The current quarter shows the highest proportion of non-farmer buyers indicating intent to operate tracts they have purchased. Non-farmer purchases are greatest in the Dairy Areas and the Corn Belt areas but purchases by non-farmers intending to operate are greatest in the Cutover and Ozark areas and in the Dairy areas.

This may be an indication of anxiety over post-war security on the part of these buyers. In this connection the increase of such purchases in the

TABLE 3. Farmers and nonfarmers buying farms and their intentions to operate or lease to others, third quarter 1944, North Central Region

Area	Total transfers classified	Farmers		Nonfarmers	
		To operate	To lease to others	To operate	To lease to others
	(Number)	- - - - - Percent - - - - -			
CORN BELT AREAS	178	53	8	6	33
Central Indiana-Ohio	99	55	4	19	22
Illinois-Indiana Cash Grain	14	50	0	0	50
Illinois-Iowa Livestock	16	44	25	6	25
Central and Northern Iowa	32	63	6	3	28
Western Iowa	17	35	12	0	53
DAIRY AREAS	146	51	5	23	21
Northeastern Ohio	39	49	3	38	10
Lake Michigan	73	53	4	22	21
East St. Louis	34	44	12	9	35
CORN BELT FRINGE AREAS	240	59	8	10	23
Toledo General Farming	67	48	8	19	25
Kankakee River	32	56	9	19	16
Lower Wabash River	35	57	6	17	20
Missouri Putnam Soils	32	62	0	19	19
Iowa-Missouri Pasture	17	64	18	6	12
Maryville-Greenfield Livestock	13	69	0	0	31
Southern Minnesota	20	50	15	10	25
LaCrosse-Dubuque Livestock	24	71	0	0	29
GENERAL FARMING AREAS	265	61	8	18	13
Southeastern Ohio	64	58	5	20	17
Southeastern Indiana	53	56	0	21	23
Southwestern Missouri Plains	33	67	6	21	6
Central Minnesota-Wisconsin	66	66	8	12	14
Red River Valley	19	68	11	5	16
Central and Western Michigan	30	46	10	37	7
CUTOVER AND OZARK AREAS	30	59	4	37	0
Michigan Cutover	9	33	0	67	0
Missouri Ozark	21	67	5	28	0
MISSOURI-ILLINOIS COTTON AREA	8	50	37	0	13
REGIONAL TOTAL	867	57	8	14	21

relatively poorer farming areas may be significant. The significance lies in the possibility of these buyers increasing the number of operating farms on land which will not return a satisfactory living.

SELLERS

Seventy-two percent of the tracts transferred in the current quarter were sold by individuals. (Table 5) This compares with 68 percent a year ago and 71 percent last quarter. The increase in the proportion of sales by individuals is explained primarily by the heavy liquidation of corporation holdings in the past.

The past two quarters have had a lower proportion of owner-operators selling land than any previous quarter. The proportion of owner-operator sellers to landlord sellers is also slightly lower this quarter than a year ago or last quarter.

As has been the case throughout most of the study, sales by owner-operators were heaviest in the Cotton Area. The Dairy areas held their usual position of having the second highest proportion of sales by owner-operators. The heaviest proportion of corporation sales has shifted from the Corn Belt areas last quarter to the General Farming areas this quarter. A year ago corporation sales were equally divided in importance between these two areas.

Fifty-one percent of the owner-operators selling land this quarter intend to continue farming. (Table 6) This is the same proportion as expressed by owner-operators selling land last quarter as well as in the third quarter of last year.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, third quarter, 1944. North Central Region

Area	Total transfers classified	Intent of owner-operators after selling land: Continue to farm	Other occupations	In Armed Forces	Retire
	(Number)	Percent			
Corn Belt Areas	24	54	21	0	25
Dairy Areas	47	43	15	2	40
Corn Belt Fringe Areas	54	48	13	0	39
General Farming Areas	79	54	17	0	29
Cutover and Ozark Areas	11	46	27	0	27
Cotton Area	4	100	0	0	0
	219	51	18	0	31

However, there is a larger proportion planning to go into some other occupation and a smaller proportion planning retirement than was indicated either a year ago or last quarter. Greatest movement into other occupations by owner-operator sellers is reported for the Cutover and Ozark areas and the Corn Belt areas while heaviest retirement is indicated for the Dairy areas and Corn Belt Fringe areas.

TABLE 5. Types of Owners selling farms, third quarter, 1944
North Central Region

	Total transfers	Type of Seller				
		Owner operator	Landlord	Unclassified individuals	Estates	Corporations and Gov't.
	(Number)	Percent				
CORN BELT AREAS	291	9	26	30	22	13
Central Indiana-Ohio	137	17	45	13	21	4
Illinois-Indiana Cash Grain	27	18	22	26	30	4
Illinois-Iowa Livestock	43	2	19	54	23	2
Central and Northern Iowa	66	3	20	38	18	21
Western Iowa	18	12	27	6	22	33
DAIRY AREAS	315	17	26	41	13	3
Northeastern Ohio	101	15	13	58	13	1
Lake Michigan	145	19	31	37	12	1
East St. Louis	69	13	22	36	14	15
CORN BELT FRINGE AREAS	488	13	21	38	18	10
Toledo General Farming	139	15	21	35	21	8
Kankakee River	41	29	41	10	20	0
Lower Wabash River	77	8	25	40	17	10
Missouri Putnam Soils	66	24	26	29	17	4
Iowa-Missouri Pasture	35	11	17	49	9	14
Maryville-Greenfield Livestock	50	4	14	40	12	30
Southern Minnesota	38	8	18	39	24	11
LaCrosse-Dubuque Livestock	42	12	29	21	31	7
GENERAL FARMING AREAS	564	13	22	35	15	15
Southeastern Ohio	108	11	31	33	24	1
Southeastern Indiana	91	30	33	25	11	1
Southwestern Missouri Plains	124	14	16	60	6	4
Central Minnesota-Wisconsin	115	12	22	29	8	29
Red River Valley	38	8	16	21	29	26
Central and Western Michigan	88	16	20	47	16	1
CUTOVER AND OZARK AREAS	126	11	21	58	4	6
Michigan Cutover	53	10	13	57	9	11
Missouri Ozark	73	11	23	58	3	5
MISSOURI-ILLINOIS COTTON AREA	9	44	45	11	0	0
REGIONAL TOTAL	1793	12	24	36	17	11

PRICES

Farm land prices continue to rise. The average selling price for land in the current quarter is 7 percent above a year ago. (Table 7) However, this is a smaller increase than was experienced between the other third quarter periods. The average price of land in the current quarter is $28 an acre higher than in the third quarter of 1941. (Table 8)

TABLE 8. Average Price Per Acre

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
	Dollars				
1941	53	54	55	59	55
1942	60	58	61	61	60
1943	68	68	73	72	70
1944	76	74	78		

The highest prices reported this quarter for operating units were $287 per acre for a 160 acre tract in Knox County, Illinois, and $275 per acre for a 160 acre tract in Champaign County, Illinois.

Arraying the various sub-areas by the average price per acre for the current quarter from the highest priced land to the lowest priced land gives a picture of where the price changes have occurred. (Table 9) In the top one-third - $175 to $98 per acre - 87.5 percent of the sub-areas increased in price. In the middle third -$97 - $38 per acre - only 22 percent of the sub-areas increased in price. In the lower third - $37 to $22 per acre - 75 percent of the sub-areas increased in price. Sub-areas in the upper one-third averaged a 5½ percent increase in price, the middle third an average decline of 2 percent and the lower third an average increase of 13.3 percent.

The greatest increase in price over the third quarter of last year has occurred in the Cutover and Ozark areas.

Figure 2 shows the relationship of current land prices to land prices in preceding years. Land bought in the period of 1917 to 1921 and sold during the current quarter brought 31 percent less than its original cost. This figure also shows that current land prices are approaching the level of 1922 to 1926 prices. Current quarter prices are closer to this level than any of the past three quarters.

TABLE 7. Average per acre price of farm real estate changing ownership in sample counties, by areas, third quarter North Central Region 1/

Area	Third Quarter				Pct. change 3rd quarter '44 over 3rd quarter '43
	1941 2/	1942	1943	1944	
	- - - - - Dollars - - - - -				(Percent)
CORN BELT AREAS	92	100	118	127	+ 8
Central Indiana-Ohio	85	91	96	108	+13
Illinois-Indiana Cash Grain	131	143	167	175	+ 5
Illinois-Iowa Livestock	68	95	120	128	+ 7
Central and Northern Iowa	91	91	114	126	+11
Western Iowa	81	78	82	81	- 1
DAIRY AREAS	63	68	89	93	+ 4
Northeastern Ohio	70	74	94	101	+ 7
Lake Michigan	61	70	94	98	+ 4
East St. Louis	60	54	66	62	- 6
CORN BELT FRINGE AREAS	50	55	63	67	+ 6
Toledo General Farming	72	69	86	103	+20
Kankakee River	56	57	74	60	-19
Lower Wabash River	34	47	58	65	+12
Missouri Putnam Soils	21	26	33	30	- 9
Iowa-Missouri Pasture	25	29	38	34	-11
Maryville-Greenfield Livestock	52	59	64	55	-14
Southern Minnesota	56	61	81	80	- 1
LaCrosse-Dubuque Livestock	55	64	48	69	+44
GENERAL FARMING AREAS	26	29	38	40	+ 5
Southeastern Ohio	19	25	26	34	+31
Southeastern Indiana	19	22	31	37	+19
Southwestern Missouri Plains	27	28	42	38	-10
Central Minnesota-Wisconsin	20	21	31	34	+10
Red River Valley	19	21	28	32	+14
Central and Western Michigan	48	53	70	64	- 9
CUTOVER AND OZARK AREAS	14	15	17	24	+41
Michigan Cutover	15	17	21	31	+48
Missouri Ozark	14	15	16	22	+38
MISSOURI-ILLINOIS COTTON AREA	81	102	155	138	-11
REGIONAL AVERAGE	55	61	73	78	+ 7

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

TABLE 9. Relationship of Land Values to Change in Land Prices from the Third Quarter of 1943 to Third Quarter 1944 North Central Region

Sub-Areas	Average Price Per Acre 3rd Quar. 1943	Average Price Per Acre 3rd Quar. 1944	Increase or Decrease in average Price	Percent of sub-areas increasing in price	Average per cent change in price
	-- Dollars --			(Percent)	(Percent)
Upper One-Third					
Illinois-Indiana Cash Grain	167	175	+		
Missouri-Illinois Cotton	155	138	-		
Illinois-Iowa Livestock	120	128	+		
Central and Northern Iowa	114	126	+	87.5	+5.5
Central Indiana-Ohio	96	108	+		
Toledo General Farming	86	103	+		
Northeastern Ohio	94	101	+		
Lake Michigan	94	98	+		
Middle One-Third					
Western Iowa	82	81	-		
Southern Minnesota	81	80	-		
LaCrosse-Dubuque Livestock	48	69	+		
Lower Wabash River	58	65	+	22.2	-2
Central and Western Michigan	70	64	-		
East St. Louis	66	62	-		
Kankakee River	74	60	-		
Maryville-Greenfield Livestock	64	55	-		
Southwestern Missouri Plains	42	38	-		
Lower One-Third					
Southeastern Indiana	31	37	+		
Central Minnesota-Wisconsin	31	34	+		
Iowa-Missouri Pasture	38	34	-		
Southeastern Ohio	26	34	+	75	+13.3
Red River Valley	28	32	+		
Michigan Cutover	21	31	+		
Missouri Putnam Soils	33	30	-		
Missouri Ozark	16	22	+		

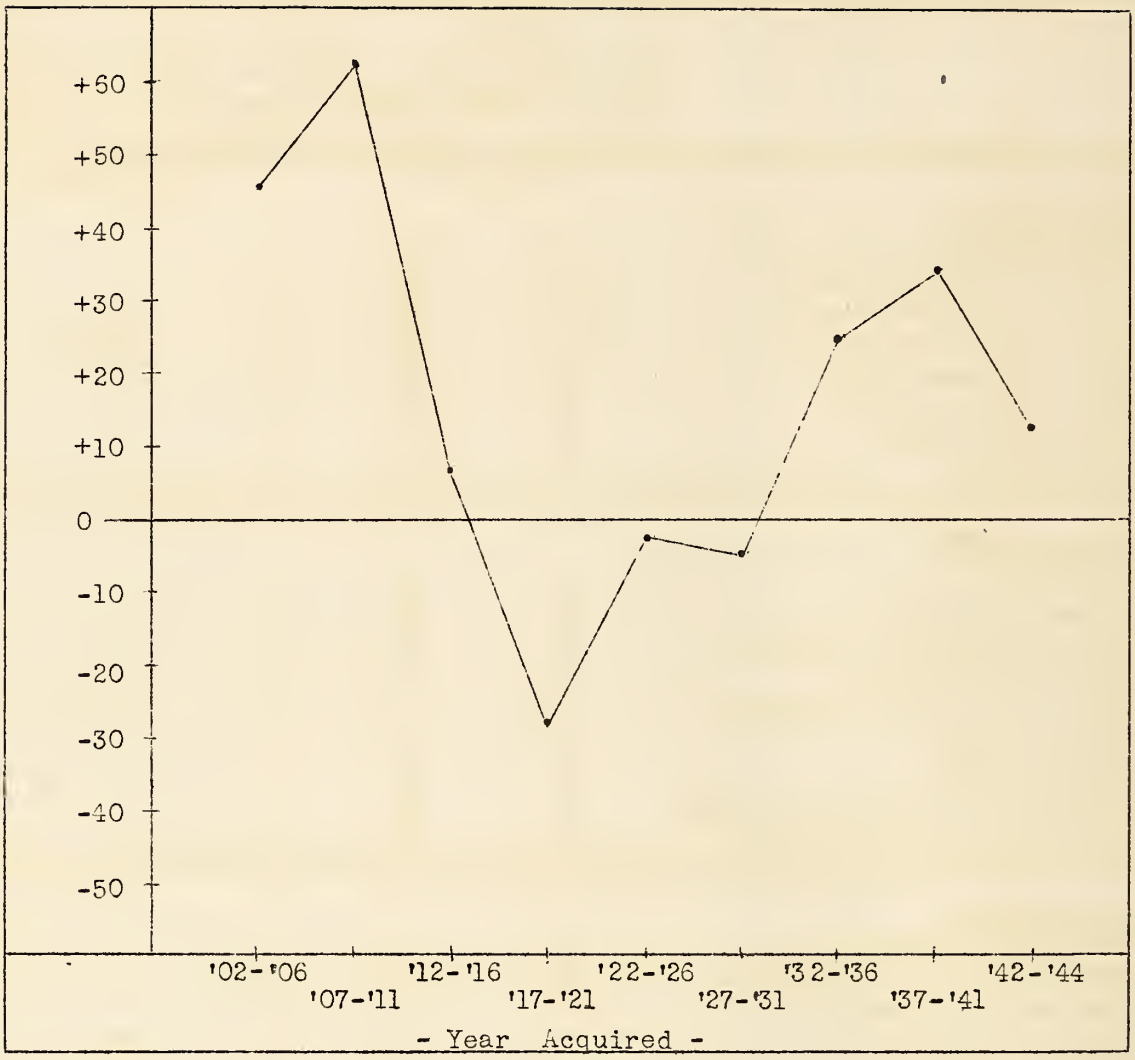


FIGURE 2. The percentage change in the price of land sold during the third quarter of 1944 from the price at which the land was acquired. 1/

1/ Based on data from questionnaires returned by 182 individuals selling land.

BUYER'S EQUITY

The proportion of cash sales has attained a new high. Fifty-nine percent of the tracts transferred in the current quarter were purchased for cash. (Table 10) A year ago 52 percent of the transfers were cash sales and 54 percent last quarter. The Corn Belt areas and the Dairy areas were the only areas with a higher proportion of cash sales than a year ago.

The highest proportion of cash sales this quarter occurred in the Cutover and Ozark areas while the Corn Belt areas were second with 64 percent cash sales.

The decline in the proportion of financed purchases has been consistent in the same quarter of each year. (Table 11)

TABLE 11. Proportion of tracts financed by mortgage or contract - North Central Region 1/

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	

Buyer's equity in all properties transferred this quarter is at an all time high of 70 percent for the period of this study. However, buyer's equity in financed purchases has suffered a drop from 41 percent a year ago and 40 percent last quarter to 39 percent for the current quarter. Equity in financed purchases is lowest in Western Iowa and the Illinois-Indiana Cash Grain area.

MORTGAGE FINANCING

Sellers provided the credit for 37 percent of the current quarter purchases financed by new mortgages. (Table 12) This compares with 40 percent a year ago and 44 percent last quarter.

Purchase money mortgages were most prominent in the General Farming areas and least prominent in the Cotton area.

The importance of individuals as a source of credit for new mortgages other than purchase money mortgages has declined considerably. A year ago individuals financed 21 percent of the new mortgage loans. This dropped to 16 percent last quarter and to 13 percent for the current quarter. The slack created by this loss of individual credit has been taken up principally by the Commercial Banks. Banks provided the credit to finance 21 percent of the other new mortgages in the third quarter of last year and 24 percent in the current quarter. Loan companies have also become more popular as a source

1/ Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, third quarter, 1944

Area	Total transfers	Method of Financing			Buyer's equity	
		Cash sales	Cash and Mortgage	Purchase contracts	In mortgaged properties 1/	In all properties deeded
	(Number)	- - - - - - - - - Percent - - - - - - - - -				
CORN BELT AREAS	291	64	35	1	39	75
Central Indiana-Ohio	137	48	52	0	44	69
Illinois-Indiana Cash Grain	27	81	19	0	20	93
Illinois-Iowa Livestock	43	79	21	0	56	89
Central & Northern Iowa	66	55	42	3	43	66
Western Iowa	18	67	33	0	18	65
DAIRY AREAS	315	60	40	0	44	72
Northeastern Ohio	101	58	42	0	44	73
Lake Michigan	145	59	41	0	41	70
East St. Louis	69	65	35	0	54	80
CORN BELT FRINGE AREAS	488	52	47	1	37	65
Toledo General Farming	139	57	43	0	43	74
Kankakee River	41	76	24	0	39	86
Lower Wabash River	77	48	52	0	28	57
Missouri Putnam Soils	66	45	55	0	38	69
Iowa-Missouri Pasture	35	46	54	0	42	61
Maryville-Greenfield Livestock	50	70	28	2	33	73
Southern Minnesota	38	34	66	0	40	53
LaCrosse-Dubuque Livestock	42	52	41	7	30	58
GENERAL FARMING AREAS	564	59	39	2	38	69
Southeastern Ohio	108	61	39	0	34	72
Southeastern Indiana	91	51	49	0	43	67
Southwestern Missouri Plains	124	60	40	0	35	68
Central Minnesota-Wisconsin	115	45	51	4	38	61
Red River Valley	38	82	18	0	32	81
Central & Western Michigan	88	63	35	2	45	74
CUTOVER AND OZARK AREA	126	68	31	1	48	80
Michigan Cutover	53	87	9	4	54	96
Missouri Ozark	73	62	38	0	46	75
MISSOURI-ILLINOIS COTTON AREA	9	33	67	0	30	49
REGIONAL TOTAL	1793	59	40	1	39	70

1/ Includes purchase contracts.

TABLE 12. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, third quarter 1944, North Central Region 1/

Area	Purchase money mortgages 2/	Other new mortgages by				
		Individuals	FLB, LBC & FSA	Insurance Co.	Commercial banks	Other
	Percentages					
CORN BELT AREAS	35	1	5	24	24	11
Central Indiana-Ohio	23	6	6	10	45	10
Illinois-Indiana Cash Grain	25	0	0	50	0	25
Illinois-Iowa Livestock	13	0	0	25	37	25
Central & Northern Iowa	52	0	4	18	26	0
Western Iowa	50	0	25	25	0	0
DAIRY AREAS	31	17	8	0	39	5
Northeastern Ohio	23	13	10	0	46	8
Lake Michigan	34	22	5	0	39	0
East St. Louis	32	5	16	0	31	16
CORN BELT FRINGE AREAS	38	18	12	5	22	5
Toledo General Farming	26	8	7	2	57	0
Kankakee River	43	14	0	14	15	14
Lower Wabash River	46	18	18	0	12	6
Missouri-Putnam Soils	30	31	3	3	24	9
Iowa-Missouri Pasture	36	7	14	7	14	22
Maryville-Greenfield Livestock	83	9	0	8	0	0
Southern Minnesota	27	36	14	5	18	0
LaCrosse-Dubuque Livestock	28	17	33	0	22	0
GENERAL FARMING AREAS	44	16	7	3	20	10
Southeastern Ohio	39	10	3	0	10	38
Southeastern Indiana	15	15	0	0	46	24
Southwestern Missouri Plains	23	16	7	0	33	21
Central Minnesota-Wisconsin	57	14	4	2	23	0
Red River Valley	67	0	17	16	0	0
Central & Western Michigan	22	37	7	0	30	4
CUTOVER-OZARK AREA	23	32	3	0	35	7
Michigan Cutover	0	50	0	0	50	0
Missouri Ozark	31	26	4	0	30	9
MISSOURI-ILLINOIS COTTON AREA	20	0	0	0	0	80
REGIONAL TOTAL	37	13	8	9	24	9

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

of agricultural credit as is evidenced by the increase from providing credit for 4 percent of the new mortgages a year ago to 9 percent for the current quarter.

Mortgage debt per acre of financed purchases has reached a new peak of $64 an acre in the Corn Belt areas while the Dairy areas have the lowest mortgage debt per acre on financed purchases yet recorded for those areas. (Table 13) The Corn Belt Fringe areas and the General Farming areas have a higher mortgage debt per acre on financed purchases than a year ago but smaller than last quarter.

TABLE 13. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter - 1943-44. North Central Region

Year	Corn Belt Areas		Dairy Areas		Corn Belt Fringe Areas		General Farming Areas	
	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
	Dollars							
1943								
1st quar.	41	60	28	50	22	32	12	20
2nd "	42	59	27	53	19	34	11	20
3rd "	33	56	28	55	20	37	9	20
4th "	36	60	26	53	20	37	11	21
1944								
1st quar.	43	62	31	56	23	38	13	25
2nd "	39	61	29	51	23	41	12	26
3rd "	29	64	23	48	20	39	11	24

Five percent continues to be the most common interest rate for mortgage loans. (Table 14) There were no seven or eight percent mortgage loans this quarter. However, the proportion of six percent loans has risen from 12 percent in the first quarter of this year to 18 percent last quarter and 23 percent for the current quarter. There was a slightly higher proportion of mortgage loans carrying less than five percent interest than last quarter, but considerably fewer than in the first quarter of this year. 1/

1/ Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Porter, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Fayette, Palo Alto and Story, Iowa; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee, Michigan; and Cottonwood, Minnesota.

TABLE 14. Proportion of new farm land mortgages made at various interest rates, by type of lender, 21 sample counties third quarter, 1944, North Central Region

Type of Lender	Total cases	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
	(Number)	Percent								
Individual	56	0	0	0	43	4	41	12	0	0
Commercial banks	61	0	0	2	13	8	46	31	0	0
Insurance companies	7	0	0	0	57	29	0	14	0	0
FLB and LBC	23	0	0	0	52	4	44	0	0	0
Others	33	0	33	0	0	0	24	43	0	0
TOTAL	180	0	6	1	27	5	38	23	0	0
Interest rate not given	66									
GRAND TOTAL	246									

There is very little change from last quarter in the proportion of mortgages running for the various lengths of time. Forty-seven percent of the new mortgages will mature within 5 years or less. (Table 15) This is an increase from 46 percent last quarter and 40 percent for the first quarter of this year.

TABLE 15. Proportion of new farm mortgages made for various lengths of time, by type of lender, 21 sample counties, third quarter, 1944, North Central Region

Type of Lender	Total cases	Length of Mortgage					
		1 year or less	2, 3, or 4 years	5 years	6,7,8, or 9, years	10 years	Over 10 Years
	(Number)	Percent					
Individuals	50	22	16	36	6	10	10
Commercial banks	68	9	11	41	10	19	10
Insurance companies	17	0	0	0	0	18	82
FLB and LBC	23	0	0	5	0	17	78
Other	14	7	7	7	0	0	79
TOTAL	172	10	9	28	6	15	32
Length of mortgage not given	74						
GRAND TOTAL	246						

Another increase has been scored in the proportion of fully amortized mortgage loans. Fifty-four percent of the new mortgages in the current quarter are fully amortized. (Table 16) Last quarter with 52 percent of the mortgages carring plans for the complete amortization of the loan was the first quarter that more than half of the mortgages carried such a plan of repayment.

The proportion of partially amortized loans has dropped from 27 percent last quarter to 23 percent for the current quarter, while the proportion of unamortized loans has risen from 21 percent last quarter to 23 percent for the current quarter.

TABLE 16. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 21 sample counties, third quarter 1944, North Central Region

Type of Lender	Total Cases	Percent of total mortgages		
		Fully Amortized	Partially Amortized	Not Amortized
	(Number)	Percent		
Individuals	46	33	28	39
Commercial banks	82	38	30	32
Insurance companies	16	44	44	12
FLB and LBC	23	100	0	0
Other	33	94	6	0
TOTAL	200	54	23	23
Method of repayment not given	46			
GRAND TOTAL	246			

RESALES

Almost 10 percent - 9.4% - of the transfers in the second quarter of this year were resales of land held one year or less (Figure 3). This is the highest proportion of resales recorded for this region. The previous high quarters of resales were 8.3 percent in the third quarter of 1942 and 8.8 percent in the fourth quarter of last year. 1/

The profit on these quick resales has dropped from 15 percent in the first quarter of this year to 12.4 percent in the second quarter.

1/ See table 17 for counties used in the study of resales.

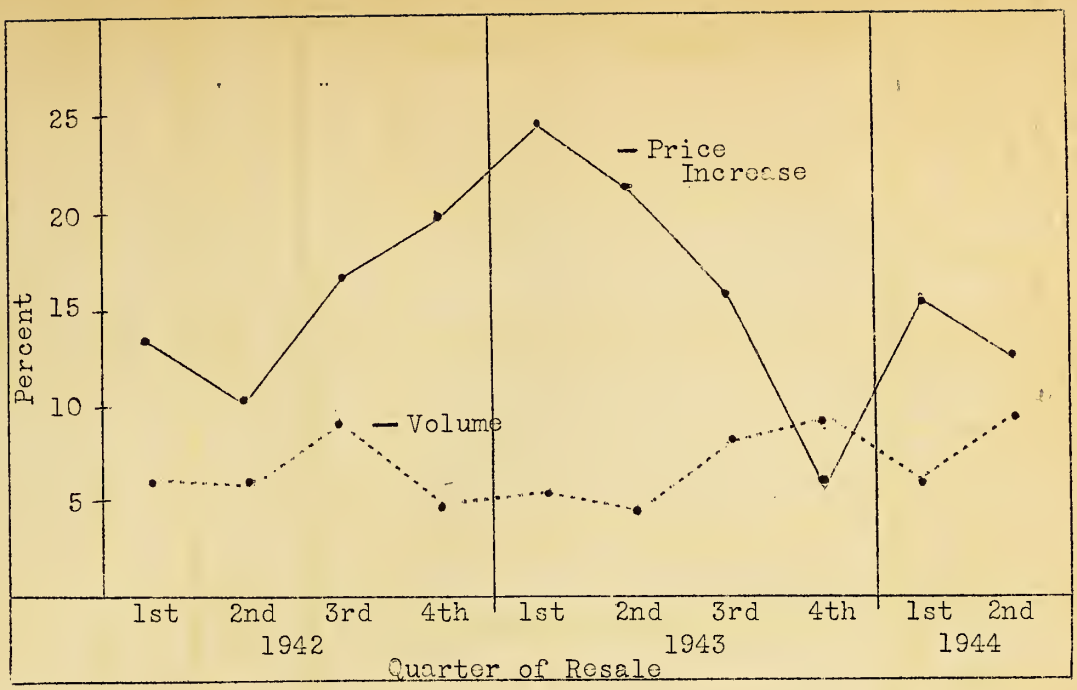


FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. 1/

Fourteen percent of the transfers in the second quarter were resales of land purchased within the preceding two years and almost 20 percent were resales of land purchased since December 31, 1940. (Table 17) With the current rising land market, the amount of profit from resale is directly related to the length of time the property is held and varies from 8 percent for land held not longer than six months to 37 percent for land held over two years and up to three and one-half years.

Land sold in the current quarter was in possession of the seller an average of 11 years, as compared to 12 years last quarter and 13 years the first quarter of this year. 2/

1/ Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

2/ Based on data from questionnaires returned by individuals selling land.

TABLE 17. Number and percentage of second quarter 1944 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	Number of resales by months between Purchase and Resale: Not over 6	Over 6, not over 12	Over 12, not over 18	Over 18, not over 24	TOTAL	Ratio of Resales to all Sales	Sales of properties held more than 24 Months	All sales properties purchased after December 31, 1940: Total	Ratio to all sales
Knox, Illinois	23	1	0	0	0	1	4%	2	3	13%
McHenry, Illinois	13	1	0	1	0	2	15	1	3	23
Fayette, Iowa	55	2	2	1	0	5	9	2	7	13
Cedar, Iowa	19	1	1	0	0	2	11	1	3	16
Audrain, Missouri	45	3	5	1	2	11	24	4	15	33
Putnam, Ohio	48	6	1	0	1	8	17	3	11	23
Rush, Indiana	14	1	0	1	1	3	21	1	4	29
Cottonwood, Minn.	22	1	1	0	0	2	9	0	2	9
Steele, Minnesota	29	0	0	0	0	0	-	2	2	7
Jennings, Indiana	51	4	2	1	3	10	19	2	12	24
Nodaway, Missouri	50	2	0	3	2	7	14	1	8	16
Harrison, Missouri	43	2	0	2	2	6	14	4	10	23
Crawford, Iowa	26	1	1	0	0	2	8	1	3	12
Pemiscot, Missouri	16	4	1	0	0	5	31	0	5	31
TOTAL	454	29	14	10	11	64	14.1%	24	88	19.4
Percentage change in price		+8.2%	+23.4%	+26.9%	+31.9%	+15.6%		+37.2%	+21.6%	
First Quarter 1944 TOTAL	1105	35	28	21	26	110	9.9	41	151	13.7
Percentage change in price		+11%	+20%	+31%	+31%	+21.7%		+42.4%	+28.3%	

1/ It will be noted that the table is based on second quarter transfers.

OUTLOOK

There are indications that special significance may be attached to the fact that the volume of transfers for the past two quarters has been lower than for the corresponding period a year ago and that the rate of increase in the price of land this quarter was not as great as in any corresponding period since 1941.

This may indicate that buyer's optimism has been checked, at least temporarily.

The slowing down in volume of sales may be a reflection of the slowing down that has occurred in the rate of increase in farm incomes. It also may be a reflection of an anticipated early end of the war in Europe followed by generally expected lower prices.

On this basis we can expect that land prices will continue to rise but at about the same or a lower rate from now until the end of the war. Both volume of sales and land price increases may slump still further for a temporary period at the end of the war in Europe.

The greatest danger of a runaway boom in farm land has probably passed for the present and will not likely appear again until after the end of the war, assuming continued success at holding the line against general inflation. A combination of forces after the war could again give rise to the dangers of land price inflation.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
- Grant Co., Ind.
- Rush Co., Ind.
- Tippecanoe Co., Ind.
- Darke Co., Ohio
- Madison Co., Ohio

Illinois-Indiana Cash Grain
- Logan Co., Ill.
- Champaign Co., Ill.
- Livingston Co., Ill.

Illinois-Iowa Livestock
- Knox Co., Ill.
- Ogle Co., Ill.
- Cedar Co., Iowa

Central & Northern Iowa
- Benton Co., Iowa
- Cerro Gordo Co., Iowa
- Palo Alto Co., Iowa
- Story Co., Iowa

Western Iowa
- Crawford Co., Iowa
- Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
- Medina Co., Ohio
- Wayne Co., Ohio

Lake Michigan
- Brown Co., Wis.
- Jefferson Co., Wis.
- McHenry Co., Ill.
- Porter Co., Ind.
- Van Buren Co., Mich.

East St. Louis
- Clinton Co., Ill.
- Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
- Adams Co., Ind.
- Putnam Co., Ohio
- Seneca Co., Ohio
- Lenawee Co., Mich.

Kankakee River
- Newton Co., Ind.
- Noble Co., Ind.

Lower Wabash
- Parke Co., Ind.
- Knox Co., Ind.

Missouri-Putnam
- Audrain Co., Mo.
- Monroe Co., Mo.

Iowa-Missouri Pasture
- *Clarke Co., Iowa
- Harrison Co., Mo.

Maryville-Greenfield
- Nodaway Co., Mo.
- Adair Co., Iowa

Southern Minnesota
- Cottonwood Co., Minn.
- McLeod Co., Minn.
- Steele Co., Minn.

LaCrosse-Dubuque
- Fayette Co., Iowa
- Lafayette Co., Wis.
- *Winona Co., Minn.

General Farming Areas

Southeastern Ohio
- Muskingum Co., Ohio
- Pike Co., Ohio

Southeastern Indiana
- Jennings Co., Ind.
- Ripley Co., Ind.

Southwestern Mo.Plains
- Johnson Co., Mo.
- Lawrence Co., Mo.

Central Minn.-Wisconsin
- Barron Co., Wis.
- *Morrison Co., Minn.

Red River Valley
- Stevens Co., Minn.
- Norman Co., Minn.

Central & Western Mich.
- Livingston Co.,Mich.
- Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover (Lower Peninsula)
- Emmet Co., Mich.
- Ogemaw Co., Mich.

Missouri Ozark
- Laclede Co., Mo.

Cotton Area

- Pemiscot Co., Mo.

*Omitted this quarter